

July 2021

# Payments Strategy Roadmap Best Practices & Examples

- 1 Where are we now?
- 2 Where do we want to go?
- 3 What should we do?
- 4 How should we do it?
- 5 How do we get there?
- 6 What do we need to deliver?
- 7 Does it still make sense?





A robust payments roadmap is one part of a broader strategy framework that also includes a vision, backlog, and feedback.

## Payments Strategy Framework

### Component

### Guiding Questions

### Example



- Who do we want to be, where do we want to go, and why?
- How will we create unique value in order to win?

- How will we achieve the vision?
- How will we allocate our resources?

- What are our day-to-day priorities?
- What will our resources do?

- What do our customers want?
- How can we improve?

- "Today we are a local diversified payment service provider (PSP), but by 2023 we want to be the largest omnichannel PSP serving small recurring payments merchants across Europe, because the market is fragmented and ripe for product and sales innovation."
- "We will win by providing a simple but sophisticated recurring billing platform that easily integrates with the most popular member management software."

- "We will (i) roll up the market by via acquisitions, (ii) invest into our product features and integrations, and (iii) invest to build out direct sales and distribution via partners."
- "We will invest €30 million over three years into software development and integrations, and €5 million over three years into building a direct sales and partnership distribution team. Terms for targeted acquisitions will be agreed with our financial sponsors."

- "The highest priority epic for our primary software development squad is to build APIs for the three largest membership management software providers over the next four sprints."
- "During our daily stand-up, we agreed with our Product Owner to focus on bug fixing our MVP today, and de-prioritize development until tomorrow."

- "Based on a survey of 1,000 small businesses across the five largest EU markets, we identified that their key unmet payment need is simpler integration with their membership management software."
- "Our direct sales team told us that the lack of integration with software provider [x] is slowing our traction in Germany, so we are raising the priority in our backlog."

Robust roadmaps should show a detailed and actionable path to achieving the vision, be based on detailed analysis and scoping, and regularly updated.

## Keys to Successful Roadmaps

Component	Guiding Question	Keys to Success
<b>Current Situation Analysis</b>	<b>Where are we now?</b>	<ul style="list-style-type: none"> <li>• Thorough analysis of the external market: customer needs and buying behaviors, segmentation and revenue pools, the competitive landscape, and market trends and resulting opportunities</li> <li>• Thorough analysis of a company's internal situation: customer experience, performance benchmarking, gap analysis, and distribution and cross-sell effectiveness</li> </ul>
<b>Vision</b>	<b>Where do we want to go?</b>	<ul style="list-style-type: none"> <li>• Clearly and specifically defining what we are selling, to whom, what needs we are fulfilling, why customers should buy from us, how our product is unique, where and how we will sell our product, how we will keep customers happy, and how we will meet our financial and stakeholder objectives</li> </ul>
<b>Prioritized Initiatives</b>	<b>What should we do?</b>	<ul style="list-style-type: none"> <li>• Identifying the right universe of opportunities in logical categories (product, distribution, enablement, M&amp;A)</li> <li>• Evaluating various execution options</li> <li>• Assessing and then prioritizing the resulting initiatives using criteria such as cost, time, fit, etc.</li> </ul>
<b>Scoped Initiatives</b>	<b>How do we do it?</b>	<ul style="list-style-type: none"> <li>• For each initiative clearly defining what to deliver and why (e.g., target clients, value prop., business case, etc.), how to deliver it (e.g., feature set, development path, etc.), and what resources are needed to deliver</li> </ul>
<b>Sequencing and Categorization</b>	<b>How do we get there?</b>	<ul style="list-style-type: none"> <li>• Defining which initiatives are required enablers for others, and ensuring adequate delivery lead times</li> <li>• Differentiating between initiatives that deliver the basics vs. those that differentiate and win</li> </ul>
<b>Resource Allocation Check</b>	<b>What do we need to deliver?</b>	<ul style="list-style-type: none"> <li>• Performing a sensibility check of the bottom-up investment budget and human resource allocation to individual initiatives with a top-down view of those initiatives stacked against the overall vision</li> </ul>
<b>Regular Updates</b>	<b>Does it still make sense?</b>	<ul style="list-style-type: none"> <li>• Making the roadmap a living document that is regularly updated based on feedback, progress on the backlog, KPI performance, market developments, and "what if" scenario planning</li> </ul>

Key pitfalls to avoid are not starting with customer needs, imbalanced focus on technology and analysis, unclear visions, and not aligning the organization with delivery.

## Roadmap Pitfalls to Avoid



### Not starting with customer needs

- The foundational input to all roadmaps should be what customers need, as opposed to what the company wants
- These can be hypothesized needs based on innovation rather than the literal results of primary research to avoid the “customers don’t know what they want” trap



### Imbalanced focus on technical development

- Robust roadmaps should not be led by technical development considerations, but rather on addressing customer needs, which requires a combination of commercial and technical initiatives
- On the other end of the spectrum, roadmaps should be specific and detailed enough regarding technical development so that the organization is clear on what, how, and when to deliver.



### Over- or under-analyzing the current situation

- Insightful analysis should be a means to an end, rather than the “analysis paralysis” trap with too little focus on what a company should actually go execute
- On the opposite end of the spectrum, under-analyzing by turning the roadmap into a pitch deck supported by a few market examples should also be avoided



### Confusing visions with ambitions

- Visions should tell a clear and specific story for how a company will create future value
- As highlighted in many strategy articles, vague ambitions such as the “we want to be the [digital] market leader in . . .” trope are not strategic visions



### Not aligning org. infrastructure with roadmap delivery

- Sound organizational and delivery principles are universal needs that also apply to roadmaps
- Weak implementation regarding clarity and transparency around who should deliver what by when, accountability and ownership, regular updates, feedback gathering, agile ways of working, and other delivery principles can throw a good roadmap off track

# A strong vision uses insightful analysis of the current situation to build a compelling path to future value creation.

## ILLUSTRATIVE EXAMPLES

### Current Situation Analysis

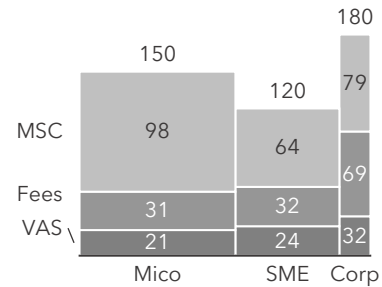
### Vision

**External  
(market)**

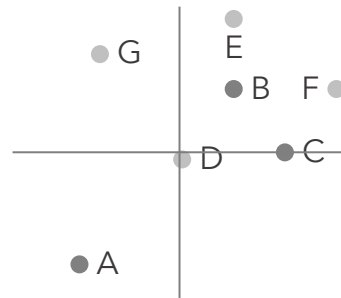
#### Customer Needs & Buying Behaviors

	Micro	SME	Corp.
Needs	...	...	...
Buying behaviors	...	...	...
Purch. Channels	...	...	...
Priority	2	1	3

#### Market Segmentation & Revenue Pools



#### Competitive Landscape



#### Trends & Opportunities

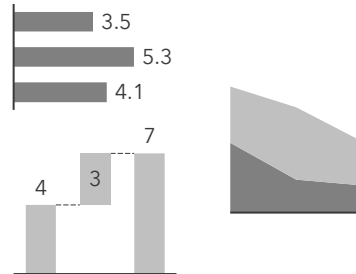
#1	Trend	Impact
1	[...]	[...]
2	[...]	[...]
3	[...]	[...]
...		

**Internal  
(us)**

#### Customer Experience Assessment

	Survey	Focus Groups
	• [...]	• [...]
	• [...]	• [...]
	Sales Team	Flagship
	• [...]	• [...]
	• [...]	• [...]
1	●	• [...]
2	●	• [...]
3	●	• [...]

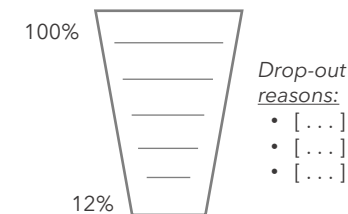
#### Performance Benchmarking



#### Product & Distribution Gap Analysis

Capability	Rating	Assessment
[...]	●	• [...]
[...]	●	• [...]
[...]	●	• [...]
...		

#### Distribution & X-sell Effectiveness



1. What are we selling (product domains)?
2. To whom are we selling (customer segments)?
3. What customer needs are we fulfilling?
4. Why would customers buy from us and not from our competitors?
5. How is our product unique and defensible?
6. In which geos and through which channels will we sell?
7. How will we sell our product (direct, partners, etc.)?
8. How will we keep our customers happy and cross-sell them more products?
9. How will we meet our financial objectives?
10. How will we meet the needs of our stakeholders?

# The analysis and vision are used to identify and prioritize initiatives for the roadmap.

## Analysis

### Customer Needs & Buying Behaviors

- Need easy integrations into member mgmt. software; price insensitive

### Mkt. Segmentation & Revenue Pools

- SME's in UK, DE, FR, SE > 60% of revenues, bundled fee structure

### Competitive Landscape

- Fragmented, starting to consolidate

### Trends & Opportunities

- 3 key member mgmt. software packages likely to gain scale across EU

### Customer Experience Assessment

- Onboarding still semi-manual, servicing slow and not fully localized

### Performance Benchmarking

- Lack operating scale

### Product & Distribution Gap Analysis

- Lack some APIs, lack strong distribution partners

### Distribution & X-sell Effectiveness

- Acquisition funnel drop-off and attrition too high to sustain growth

## Vision

### What we are selling

- Omni-channel collecting PSP

### To whom

- SMEs with recurring memberships

### Needs we are fulfilling

- Easy integration w/member mgmt.

### Why buy from us

- Quickly integrate with your chosen software for a fair bundled price

### Why we are unique

- Broadest and easiest integrations

### Geos and channels

- UK, DE, FR, SE; online & via partners

### Keeping customers happy

- Robust portal & quick to answer phone

### Meet financial objectives

- Growth via roll-up and margin expansion through VAS

### Meet stakeholder needs

- Expand exit multiple for sponsor

## ILLUSTRATIVE EXAMPLES

Identify the universe of potential initiatives ...

... evaluate execution options ...

... assess & prioritize initiatives

## Prioritization of Roadmap Initiatives

<b>Product</b>	Build robust APIs ...	Add EU regional APMs ...
<b>Distribution</b>	Build fully online boarding ...	Hire sales team to target membership mgmt. ISVs
<b>Enablement</b>	Refresh & deepen merchant self-service portal functionality ...	
<b>M&amp;A</b>	Seek to acquire companies like [x] to provide bolt-on VAS ...	

Initiative	Options	TCO	Time to Mkt.	Fit w/Vision
Build robust APIs	Buy	€ 5 mil.	3 M	Low
	Build	€ 7 mil.	6 M	High
	Partner	€ 4 mil.	6 M	Low

#	Initiative	CapEx	Time	Complexity	Fit	Hygiene	To Win
1	Build APIs	€ 5 mil.	3 M				
2	Sales force	OpEx	3 M				
3	...						

# Each resulting initiative should be adequately scoped prior to inclusion in the roadmap.

## ILLUSTRATIVE EXAMPLES

### Initiative Scoping Framework (to be used for each major initiative)

#### What to deliver (and why)

<b>Description</b>	<ul style="list-style-type: none"> <li>• <b>Build a fully online boarding process for new merchants</b></li> </ul>
<b>Target Customer</b>	<ul style="list-style-type: none"> <li>• SMEs with recurring memberships in UK, DE, FR, SE</li> </ul>
<b>Needs Addressed</b>	<ul style="list-style-type: none"> <li>• Quick and easy sign-up</li> </ul>
<b>Value Proposition</b>	<ul style="list-style-type: none"> <li>• First month free</li> <li>• Immediate activation upon receiving penny payment</li> <li>• Fully online, takes only 5-10 minutes, only 2 docs required</li> </ul>
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Required for geo expansion</li> <li>• Pre-requisite for ISV distribution</li> </ul>
<b>Business Case</b>	<ul style="list-style-type: none"> <li>• € 1 mil. CapEx to launch MVP + expected € 1 mil. for iterative improvement</li> <li>• Enables us to address the € [x] mil. revenue pool in UK, DE, FR, SE</li> <li>• [x] merchants / year by year 2</li> </ul>

#### How to deliver

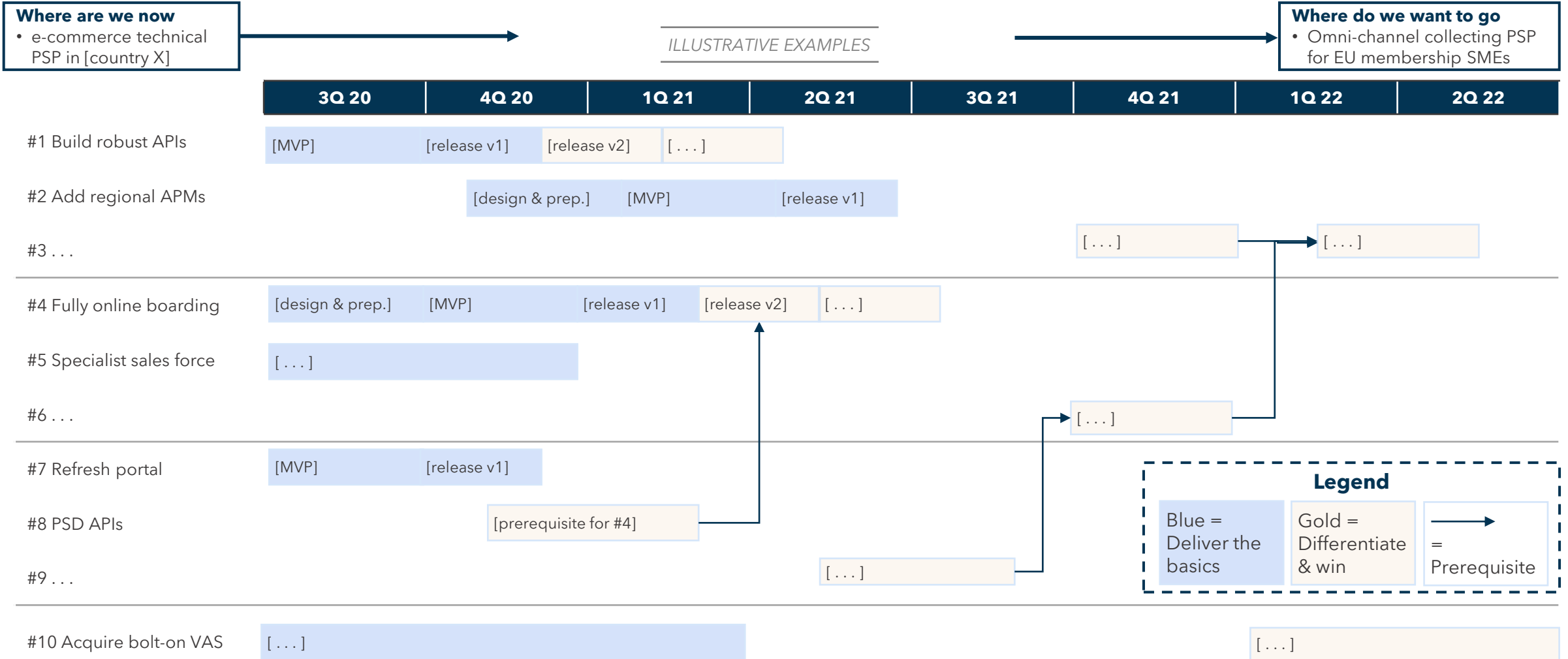
<b>Feature set: deliver the basics</b>	
	<ul style="list-style-type: none"> <li>• 10 minute process</li> <li>• Upload pictures and pdf's + send penny payment</li> <li>• Next day verification and set up</li> <li>• ...</li> </ul>
<b>Feature set: differentiate and win</b>	
	<ul style="list-style-type: none"> <li>• 5 minute process</li> <li>• Take pictures &amp; videos with phone</li> <li>• Immediate verification &amp; set-up via PSD2 APIs</li> <li>• ...</li> </ul>
<b>Development path</b>	<ol style="list-style-type: none"> <li>1. MVP: upload docs, manual</li> <li>2. v1: automated w/basic functions</li> <li>3. v2: ...</li> </ol>
<b>Hypotheses to test</b>	<ul style="list-style-type: none"> <li>• Merchants willing to upload docs &amp; wait during MVP</li> <li>• ...</li> </ul>
<b>Questions to answer</b>	<ul style="list-style-type: none"> <li>• Penny payment sufficient for AML?</li> <li>• ...</li> </ul>
<b>Risks to mitigate</b>	<ul style="list-style-type: none"> <li>• KYC/AML non-compliance → obtain external legal opinion</li> <li>• ...</li> </ul>

#### What resources we need to deliver

<b>Responsible for delivery</b>	<ul style="list-style-type: none"> <li>• [name of initiative owner]</li> </ul>
<b>Team</b>	<ul style="list-style-type: none"> <li>• Product Owner: [x]</li> <li>• Scrum Master: [x]</li> <li>• [developers, testers, etc.]</li> <li>• [UX, product, AML, ops, etc.]</li> <li>• ...</li> </ul>
<b>Time</b>	<ul style="list-style-type: none"> <li>• MVP: 3 months</li> <li>• v1: +2 months</li> <li>• v2: +3 months</li> <li>• ...</li> </ul>
<b>Budget</b>	<ul style="list-style-type: none"> <li>• € 2 mil. CapEx</li> </ul>
<b>Prerequisites &amp; enablers</b>	<ul style="list-style-type: none"> <li>• For v2: PSD APIs for account verification implemented by [x]</li> <li>• ...</li> </ul>
<b>KPIs</b>	<ul style="list-style-type: none"> <li>• By [x] months after MVP released:             <ul style="list-style-type: none"> <li>◦ Start funnel: [x]</li> <li>◦ Board successfully: [x]</li> <li>◦ Activate: [x]</li> </ul> </li> <li>• ...</li> </ul>

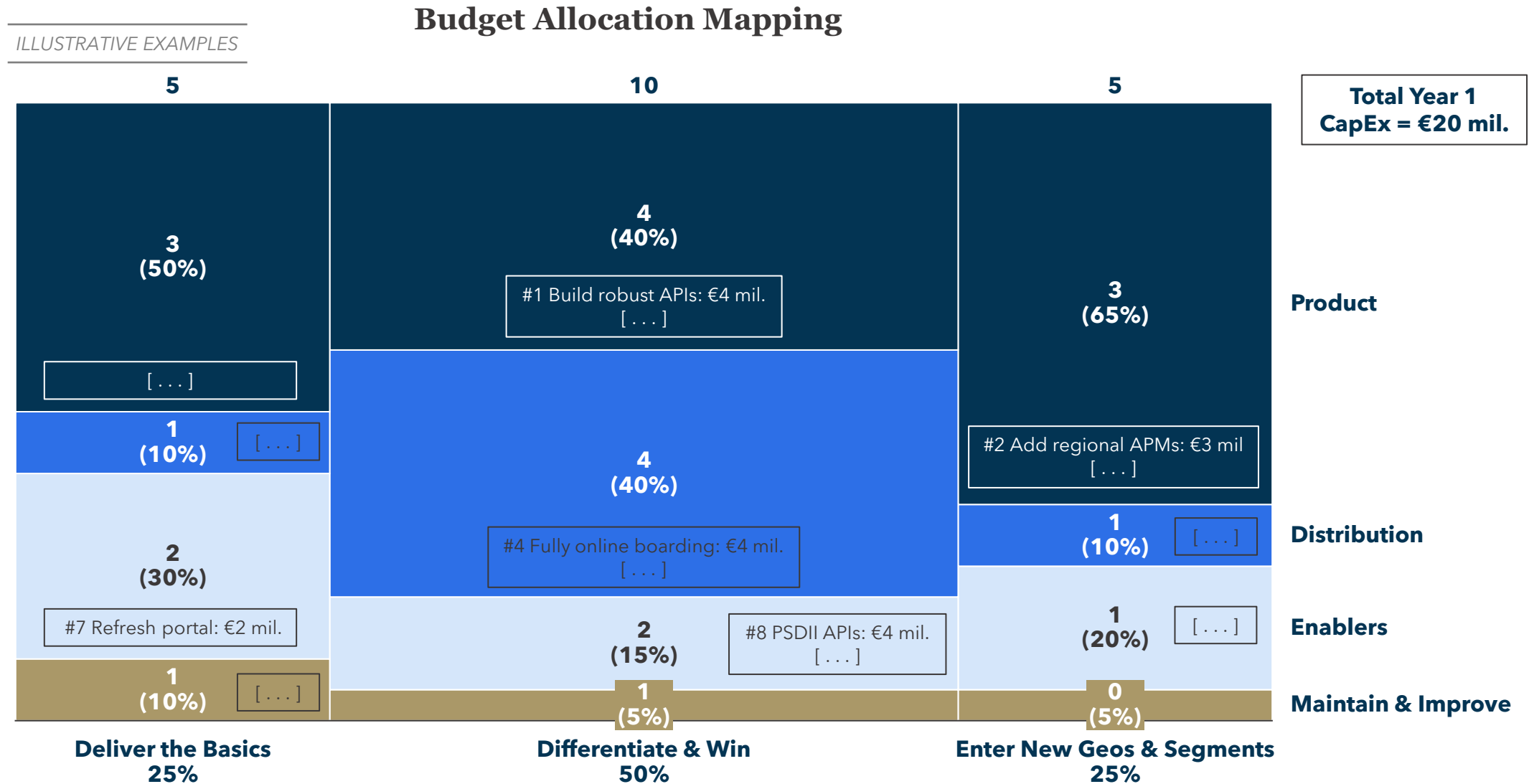
The summary-level roadmap should convey a compelling and easy to understand path to deliver the vision.

## Payments Roadmap





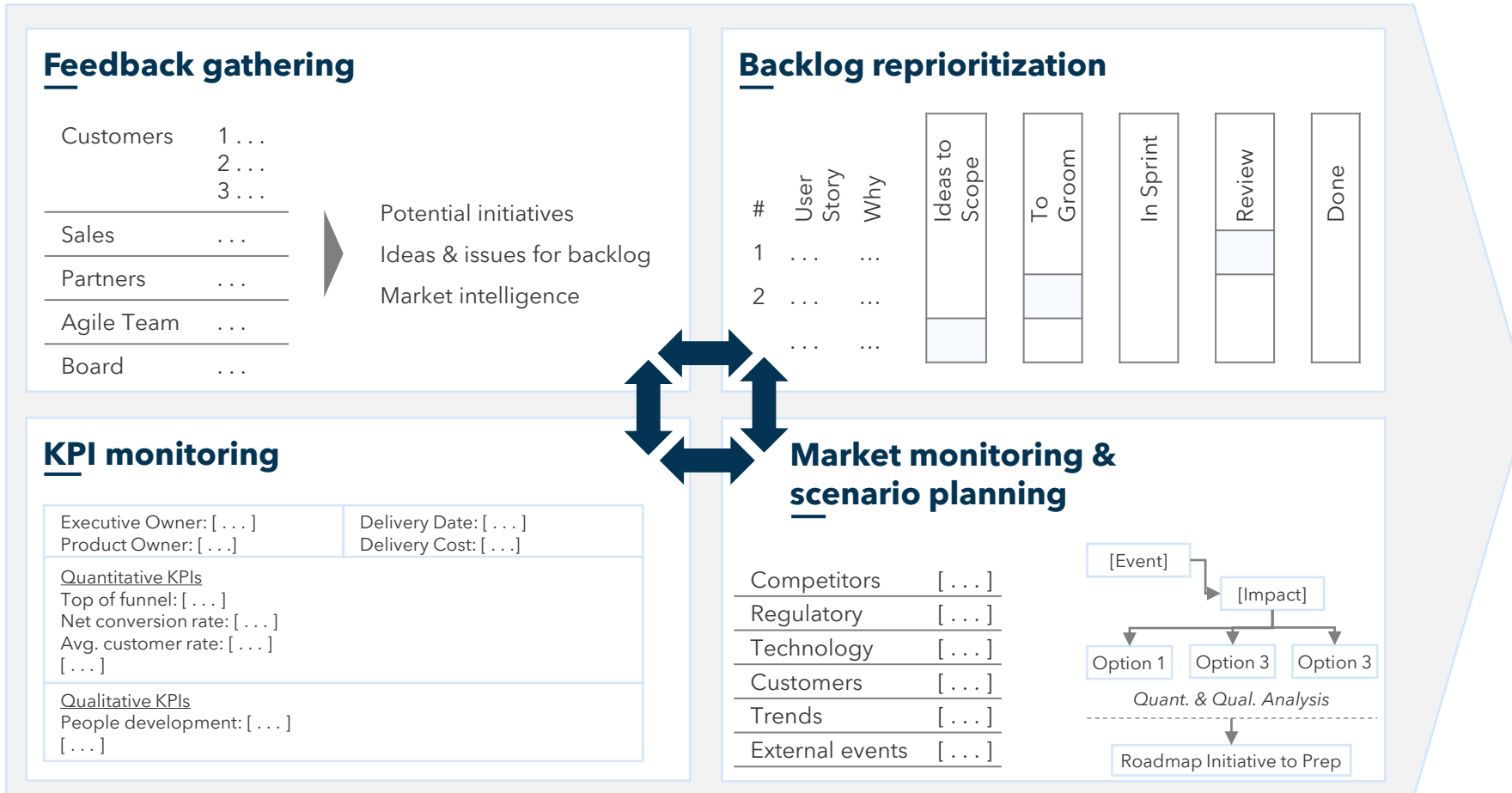
Mapping the cost of individual roadmap initiatives to categories such as Differentiate & Win provides a check as to whether investments are aligned with the overall vision.



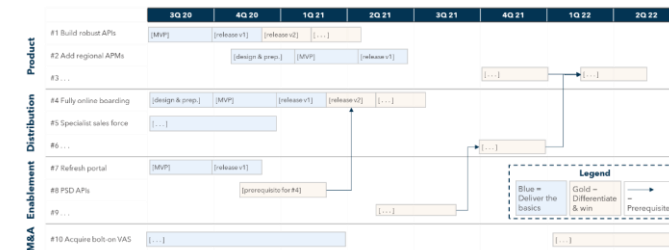
The roadmap should be a living document that is regularly updated based on feedback, progress on the backlog, KPI performance, and market developments.

ILLUSTRATIVE EXAMPLES

## Inputs for Periodic Updates to the Roadmap



## Updated Roadmap





### **Flagship Advisory Partners:**

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### **ABOUT THE AUTHOR**



**Erik Howell**  
**Partner**

Erik combines practical experience as Head of Transactional Banking for a publicly traded bank with deep expertise as a trusted advisor on payments strategy. During 20 years in payments, Erik has developed and implemented winning roadmaps, growth initiatives, new digital channels, technical migrations, successful partnerships, and M&A.

[Erik@FlagshipAP.com](mailto:Erik@FlagshipAP.com)